

Evaluation of Growth and Development Strategies

Free-response/problem

- Some countries have used inward-oriented growth strategies, while others have tended to use outward-oriented strategies. Describe the main features of each type of strategy and evaluate their advantages and disadvantages.

Aid

Definitions: Aid given to a country outside normal market forces

Categories

1. Humanitarian Aid

- food, medical and emergency aid

2. Development Aid

- Help country achieve development
- Strengthen political alliances
- Improve human resources in developing countries
- Improve technology
- Fund specific development projects



Classifying Aid

**Types of Aid:
Bilateral and
Multilateral**

Long Term
loans

Tied Aid

Project Aid

Technical
Assistance Aid

Commodity
Aid

Potential to improve
education, health
and infrastructure

Little evidence that
aid result in
development

The Pros and Cons of FDI

Importation of capital
and technology

Stimulate AD and
investment

Corruption diverts aid
to the powerful

Dependency
encouraged

Inefficient use of aid
monies

Increasing
Indebtedness



Market-led Versus Interventionist Growth Strategies

Market-led

Minimize government intervention

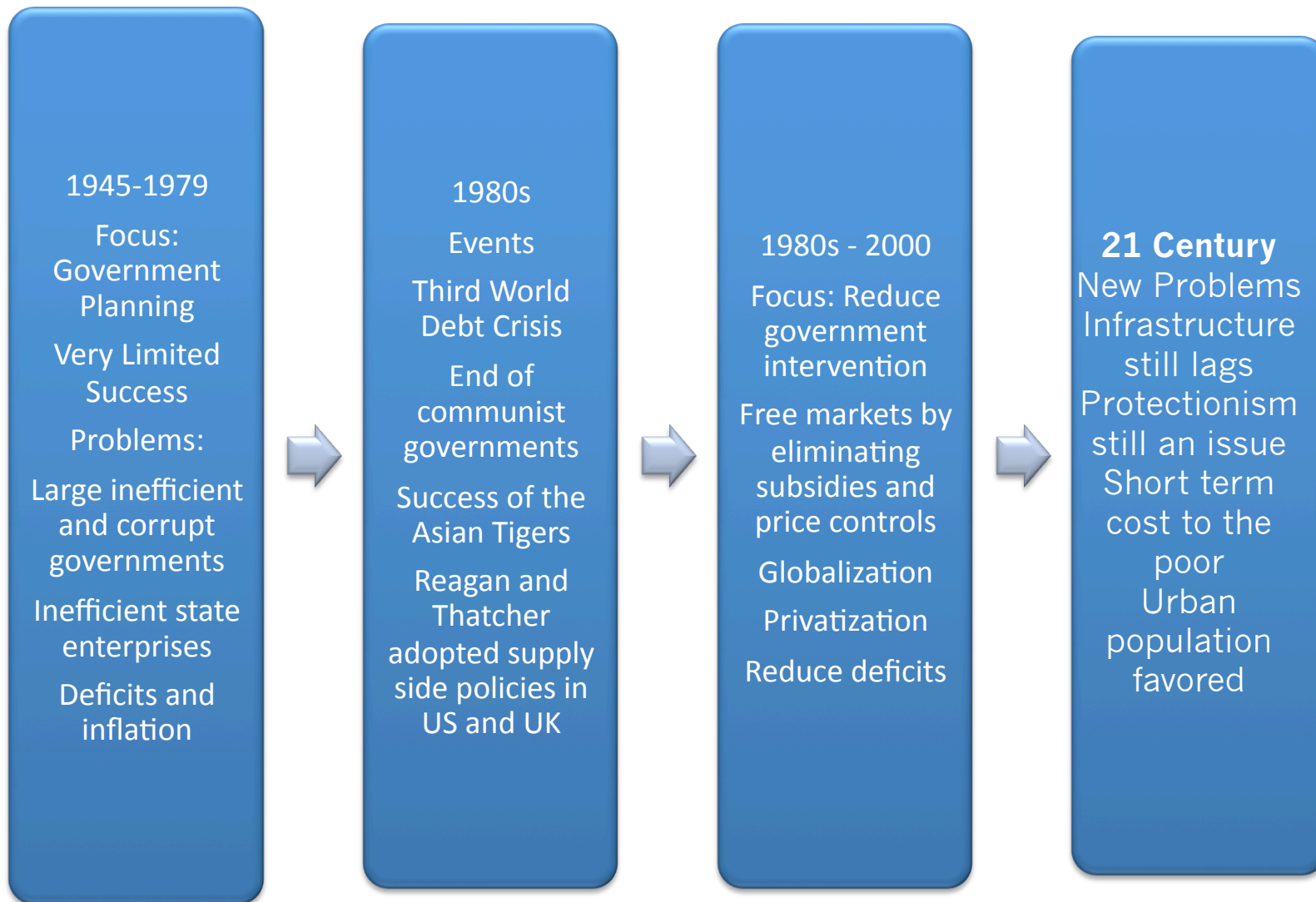
Let markets work

Examples: export-led growth , FDI,
privatization

Interventionist Strategies

Active Government manipulation of
the market

Examples: Import Substitution,
protectionism nationalization
exchange rate manipulation



A New Consensus about Achieving Growth and Development

